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Home Center News ®

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Weyerhaeuser sells 5-unit Dixieline to R.I. firm

By Brad Altman
West Coast correspondent

SAN DIEGO — Weyerhaeuser Co. has sold its five-unit Dixieline Lumber Co. here to Nortek Inc., of Providence, R.I., a diversified manufacturer whose array of products includes vanities, kitchen range hoods and light fixtures sold by DIY dealers.

Weyerhaeuser officials refused to confirm that the purchase price was about $30 million in cash and notes as disclosed to *NHCN* by one source familiar with the negotiations, which were concluded Oct. 11.

A Nortek spokesman, Jim Carlson, corporate communications director, said that the "exact amount" could not be determined because of uncertainty over the value of the debentures used in the transaction.

In the deal Dixieline will be incorporated into a Nortek holding company called Monogram Industries Inc., based in Culver City. However, Carlson noted that the chain would retain a large degree of operating autonomy. "The way we operate is we work with the existing management team.

"We see the acquisition as an opportunity to put our finger on the pulse of the DIY market," he said.

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Handy Andy sells 65% stake to European-based company

Plans expansion into Wisconsin

By Donald Longo
NHCN managing editor

GURNEE, Ill. — With the financial resources of one of the largest DIY companies in the world behind it, Handy Andy Home Improvement Centers here is launching an aggressive expansion program that will bring the Handy Andy name into the greater Milwaukee market for the first time.

Belgian retailer GB-Inno-BM, the Brussels-based conglomerate with international interests in department stores, supermarkets, restaurants and DIY companies, acquired 65% of Handy Andy early last month, according to Francois Vaxelaire, chairman of the board. GB-Inno-BM currently owns 23% of Scotty's, the 121-store Florida chain.

Handy Andy chairman Ron Rashkow declined to elaborate on details of the agreement, which closed Oct. 4, but he did indicate that the deal "is more complicated than that," refer-

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GB-Inno-BM at a glance—1984	
Total sales	$2.1 billion (U.S.)
Number of retail outlets in Belgium	177
Net profit	$15 million (U.S.)
Number of employees (converted to equivalent full timers)	21,412
Handy Andy at a glance—1984*	
Total sales	$106 million
Number of stores	15
Total square footage of selling area	900,000 sq. ft.
Number of employees	1,100

Source: GB-Inno annual report; **NHCN* estimates; *NHCN* chart

Belgian retailer GB-Inno-BM brings substantial capital to finance Handy Andy's aggressive expansion plans.

Wickes Lumber starts housing finance program

By John Caulfield
NHCN senior editor

CHICAGO — Wickes Lumber here has recently begun offering a home loan program aimed at making it easier for DIYers to finance the construction of a new home using materials purchased from the chain's 213 stores.

This financing instrument, the first of its kind offered through a home improvement chain, is part of Wickes Lumber's Home Package program that the chain is attempting to revive after a dormant period from 1982 to 1984 when its par-

(Continued on page 46)

Homecrafters president and chairman, Georges Hanzi, will close or sell six warehouse units, including this Nashville unit (above), by year's end in an effort to stem financial losses. NHCN photos

Homecrafters to close or sell six warehouse stores

By Phillip M. Perry
NHCN senior editor

BIRMINGHAM, Ala. — Homecrafters Warehouse said last month that it planned to either sell or close all four of its Denver warehouse outlets, and both of its Nashville warehouse stores, by the end of this year.

The announcement, which came only a month after the company said it expected to incur continuing losses for the next two quarters, further emphasized the severity of the steps the company is willing to take to return to profitability. While the company had previously begun cutting operating expenses in an attempt to stem losses, this was the first time the chain said that selling some of its units was necessary. Sale of the stores will leave the company with only five warehouse units, and 28 traditional home center outlets.

The chain also reduced operating hours at its Memphis, Tenn., and Louisville, Ky., warehouse units on Oct. 15. Although the chain said that the three Memphis stores had begun to show profits in the last quarter, the weekday operating hours were slimmed from 10 a.m. to 7 p.m. These stores were previously open from 9 a.m. to 9 p.m.

(Continued on page 6)

NEWSBREAKS

THE ANDERSONS GO TO COLUMBUS. The three-unit company will open a 120,000-sq.-ft. store with a 50,000-sq.ft. garden center in Columbus in September 1986. A unit of approximately the same size will also be built in Dayton, although no construction date has been set yet.

ORCHARD SUPPLY HARDWARE OPENS THREE UNITS. The San Jose, Calif.-headquartered W. R. Grace division slated Oct. 30 to open new units in Redwood City and Millbrae, Calif. The chain opened its 19th unit Sept. 25 in Concord.

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Plywood Ranch begins expansion drive; purchases New Hampshire lumber dealer

By Milford Prewitt
NHCN associate editor

BRAINTREE, Mass. — Plywood Ranch, a chain of 13 stores based in New England, plans to open two more stores next spring as part of a new expansion drive intended to double the size of the company in five years.

The $18 million chain took the first steps in its expansion drive last month, with the purchase of Halle Lumber, a single-unit lumber retailer in Berlin, N.H.

The acquisition was the first expansion move by the chain since a new owner-management team—consisting of John O. Hartung, president, and R. Lee Tussing Jr., vp—bought the controlling stock from former owner and chairman Charles Rosen in April. At the time of the Hartung-Tussing buy-in, Plywood Ranch was an

> *'We have given the chain a sense of direction, a firm idea of where we are going and what we are doing.'*
>
> **—Lee Tussing Jr.,** *vice president, Plywood Ranch*

ailing home center chain, which had whittled down in size from 30 company owned and franchised units to less than half that number.

But recent sales performances and a focused strategy for growth has given the new management reasons for optimism and confidence.

"Since we have taken over, Plywood Ranch has been profitable for the first time in recent times," Tussing said, noting that for the most recent five months tracked, sales had increased more than 12% when compared to the same time period last year. He would not provide exact sales figures.

"We have given the chain a sense of direction, a firm idea of where we are going and what we are doing," Tussing added. "As a result of new manage-

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NHCNews Briefs

Industry Update

Hines Lumber sells off 6 DC's

CHICAGO — Six of the 10 wholesale distribution centers owned by the Edward Hines Lumber Co. of Chicago were sold to the Hinco Corp., affiliated with the Hudson Group of New York City, for approximately $7.9 million, according to the Chicago-based retailer.

The sale, which was first announced in July, was completed on Oct. 8. It does not include nearly $6 million in trade receivables, noted Howell H. Howard, chairman.

The six distribution centers, which Howard said will continue to operate as they do now, are located in Grand Rapids, Mich.; Indianapolis, Ind.; Lafayette, Colo.; Skokie, Ill.; Springfield, Mo.; and Tulsa, Okla., the Hines Co. said.

This sale was completed two weeks before the scheduled Oct. 23 stockholders meeting at which final approval to sell the 26 Chicago-area retail stores for $28 million in cash plus stocks to the Hines family is expected.

Still to be decided is the fate of the company's other retail group, the eight-unit Kindt Corp. Howard said he is "negotiating" with prospective buyers for the Wisconsin-based chain, though he declined to name anyone.

After this stockholders meeting, Howard said Hines' management would consider a payment request made by the company's Stockholders' Cooperative Committee, as stated in an Oct. 3 Securities and Exchange Commission filing. The committee has proposed that stockholders recommend to management that "as much as possible of the Company's available cash . . . and also the shares of stock of Southern Mineral Corp. held by the company" be distributed to shareholders.

Howard noted that this terse request for cash and stock payment was simply a recommendation, and "is not legally binding."

Home Quarters expands in Va.

VIRGINIA BEACH, Va. — Home Quarters Warehouse set a Nov. 29 opening date for its third unit, which it characterized as a historic step for the chain. "The store means that we are expanding the chain, and that we are not in the R&D stage anymore," said Frank Doczi, president of the W. R. Grace subsidiary. The new store's 85,000 sq. ft. is midway between the 75,000 sq. ft. and 100,000 sq. ft. of the company's two original stores, opened earlier this year in Virginia Beach and Hampton, Va. (*NHCN*, March 12). The company also announced a store for Norfolk, Va., to open in the first half of 1986.

Hechinger opens 2 in Rochester

LANDOVER, Md. — Hechinger's opened its two warehouse units in Rochester, N.Y., last month, with official grand openings set for Oct. 26. This brings its warehouse count to five.

Both units are between 72,000 sq. ft. and 74,000 sq. ft. and occupy former Two Guys stores. The unit north of the city on Hudson Avenue opened on Oct. 7 and the one in the town of Henrietta, south of the city, on Oct. 14. In this market, Hechinger's competitors include 11-unit Chase-Pitkin, eight Grossman's units, 84 Lumber and many independents.

"We think Rochester hasn't seen anything like us," said Nonie England, vp marketing. "It's a unique challenge describing who we are and what we are."

Copeland units shuttered

PORTLAND, Ore. — Copeland Lumber Yards closed two small yards in September in the Imperial Valley cities of Brawley and Holtville, Calif., and is planning to replace an existing yard in Albany, Ore., with a larger outlet by the end of November.

The shuttered units in the Imperial Valley apparently were outmoded. Each facility was more than 30 years old and contained a retail showroom of under 1,000 sq. ft.

The 78-unit chain based here has yards in California, Washington, Arizona, Oregon, Nevada and Idaho.

Boise's 3Q net falls 37.9%

BOISE, Idaho — Operating income in the third quarter from Boise Cascade's remaining 22 retail and nine wholesale units was "comparable" to the same period last year. And the company had a pretax gain in the quarter of $6.7 million, or 13¢ per share, from the recent sale of its San Diego units (*NHCN*, Oct. 21).

But Boise Cascade also took a pretax charge of $6 million, or 11¢ per share, for "severance and other employee expenses associated with the company's continuing cost reduction program." The company's third quarter net income fell 37.9% to $20.3 million, on sales of $934 million, which were off 3%. Earnings per share for the three-month period were down 42.5% to 65¢.

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Vol. 11, No. 23 November 4, 1985

Scotty's reveals expansion plans; 1st quarter figures show decline

NEW YORK CITY, N.Y. — Scotty's plans to have 23 stores patterned after its new store-of-the-future format up and running by next June, according to remarks made on Oct. 17 before the New York Society of Security Analysts by company president Dennis Stults.

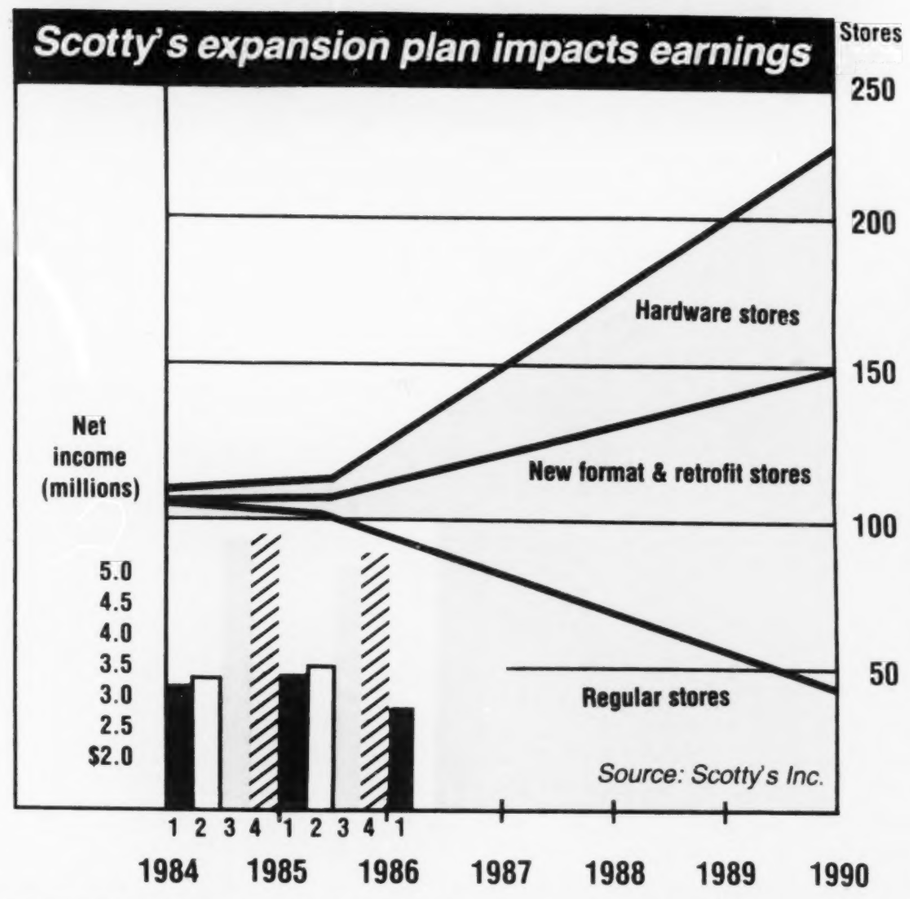
Stults also said he plans to have from 18 to 20 of the company's hardware stores open by the end of the 1986 fiscal year, which concludes June 30, 1986.

However, operating expenses in conjunction with the new store expansion represented a primary cause of the company's drop in net earnings for its first fiscal quarter, which ended on Sept. 28 of this year, according to Harold W. Taylor, Scotty's cfo.

The Winter Haven, Fla.-based company currently has six full-line home centers patterned after the new prototype. Plans for the next three quarters call for the building of six more of the stores along with retrofitting 11 of the company's older stores into the new format. Scotty's, which moved $453 million worth of merchandise last year, now has 10 hardware units operating, according to Stults, and plans to sign leases for eight to 10 more by the end of fiscal 1986.

Responding to a query from an analyst attending the meeting, Stults dropped yet another hint that his company will, at some point, expand beyond its current boundaries. All but one of the chain's 121 stores are in the state of Florida.

"We were just looking at some out-of-state markets last week," said Stults. While the company is most interested in finding new sites within easy shipping distance of its distribution center in central Florida, Stults said that "we're continuing to study for the future" the more distant sites.



Expenses relating to Scotty's store expansion are beginning to be felt. Earnings declined in each of the last three quarters.

In explaining the first quarter decline in net income, Taylor told analysts that the capital invested by the company for its expansion campaign represented "an investment in the future."

"We do not capitalize preopening expenses," added Richard Martineau, treasurer and controller for Scotty's. "They hit the profit and loss statement right away."

Scotty's reported net income for the quarter of $2,831,000, down by 17% from the $3,416,000 for the same three months of the previous year.

These earnings were reported on sales of $110,325,000, a figure that was up by 9% over sales of the same period in 1985. Sales at comparable stores had increased by 4.1% for the two quarters.

A review of the financials released for the company's first quarter showed that operating expenses accounted for the decline in the company's net income. Operating expenses totaled 27.2% of sales for the quarter, up from a level of 25.4% for the same quarter last year.

In contrast, it was clear that the company had made progress with the buying and pricing of its merchandise. The overall gross margin for the quarter was 31.7%, an improvement over the 30.8% of the same quarter last year.

The report for this fiscal year's first quarter was also hampered by the fact that the company had enjoyed some

(Continued on page 45)

O'Malleys drafts former Payless exec

PHOENIX — Harlon L. Seats, former executive vp of Payless Cashways, has joined O'Malleys as a consultant and Paul Conley, assistant general manager who formerly oversaw the 16-unit retail division, has resigned.

Dean A. Drake, executive vp of the O'Malleys Lumber Co., said Conley resigned at the end of September. He was a 15-year O'Malleys employee.

Drake said that Conley's position has not been replaced because Gary C. Bartholomew, a veteran Sears executive who was named to the newly created post of assistant to the general manager/stores in July, has assumed Conley's job duties.

Seats, who left Payless in April after a 19-year career at the Kansas City-based chain, is "working very closely with Bartholomew," Drake said.

Drake added that Seats arrived in late August, and while his departure date has not been set, "he doesn't expect to make his career here."

Seats' "almost-exclusive agenda" is to update O'Malleys' merchandising strategies, choosing vendor sources, recasting displays, and assisting yard workers, Drake said.

Early this year, O'Malleys hired another industry veteran, ex-W. R. Grace executive Nick Einfeld, as a full-time employee in charge of retail operations, but Einfeld left in June (*NHCN*, July 1, 1985).

Drake said that additional "changes are coming that call for further reorganization," but he did not elaborate.

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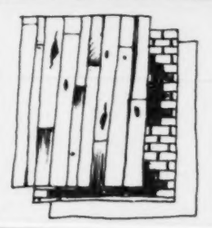
- *Electronic ordering benefits entice retailers* —**Page 33**
- *Communications emerges as hot retail topic* —**Page 36**

MERCHANDISING



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FINANCIAL NEWS

32 Gainers

6 Unchanged

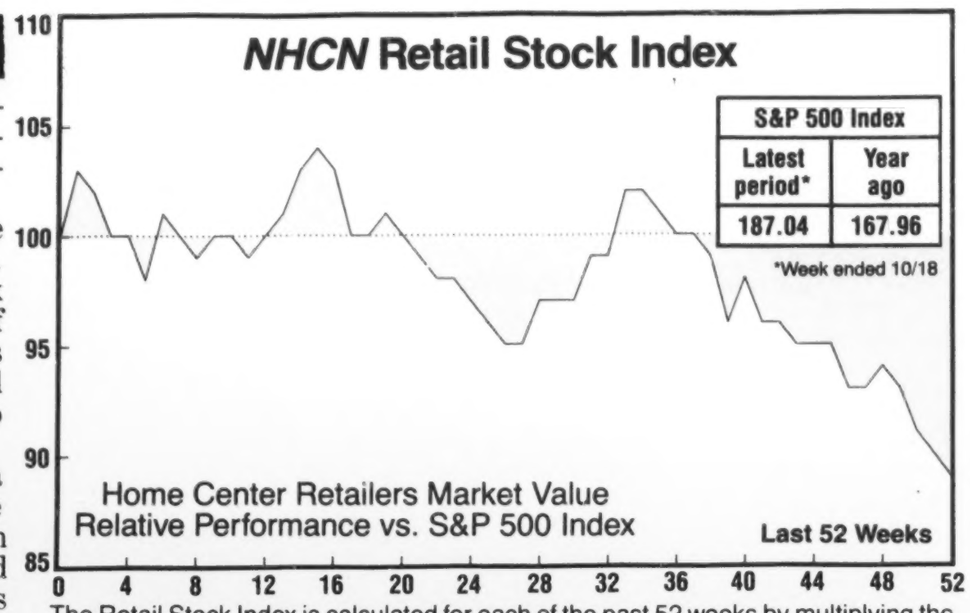
18 Losers

While percentage-price gainers out-numbered losers, 32 to 18, home center retail stock prices slipped in comparison to the Standard & Poor's 500 Index, during the two-week period ended Oct. 18. Six industry issues remained unchanged.

Home center retailers' market value registered at only about 89% of the S&P 500 Index, which closed on Oct. 18 at 187.04, up 11.4% from a year ago. No home center issue increased more than 8% during the latest two-week period. Hechinger, both A and B issues, led retailer stocks with increases of 7.6% and 7.5%, respectively. The Landover, Md., chain recently opened its first warehouse unit in Rochester, N.Y. *(see update, page 2)* and secured real estate for its first Long Island store *(NHCN, Oct. 21)*. Erb Lumber was up 6.3% and Payless Cashways gained 5.4%.

Michigan General, the parent of 96-unit Diamond Lumber, experienced a 17.9% price decline to close on Oct. 18 at $4 per share on a two-week volume of 1.7 million. Other declines were not as sharp. Home Depot was down 3.3% to $11.13 on 4.8 million shares traded. Pay 'N Pak slipped 2% to $12 on a volume of 1.2 million shares. Scotty's, which reported a 17% earnings drop in its first quarter which ended Sept. 28 *(see story, page 2)*, had a 1% fall-off in its stock price over the two-week period.

Leading the manufacturer issues were The Newell Co., up 8.7%, National Gypsum, up 7.8%, and Black & Decker, up 6.9%.



The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Hines Ed Lumber ..... O	642	790.2	.0
Allegheny Int ..... N	16,625	665.3	5.8
DeSoto Inc ..... N	836	400.0	.0
Newell Co ..... N	1,162	237.5	8.7
Triangle Pac ..... N	944	219.7	.8

Company & Market	Total 2-Week Volume (100)	Volume Trend Change %	2-Week Price Change %
Pope & Talbot ..... N	414	187.5	.0
Supermkts Gen ..... N	4,193	164.0	5.2
Georgia-Pacifc ..... N	23,564	163.2	.6
Grace W R ..... N	9,648	158.4	- 1.6
Black & Decker ..... N	18,770	155.5	6.9

TOP GAINERS

Company & Market	2-Weeks Ended 10-18-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Newell Co ..... N	18.75	8.7	1,162
Natl Gypsum ..... N	34.75	7.8	6,129
Hechinger A ..... M	17.75	7.6	1,379
Hechinger B ..... M	18.00	7.5	1,389
Black & Decker ..... N	19.25	6.9	18,770

TOP LOSERS

Company & Market	2-Weeks Ended 10-18-85 $	2-Week Price Change %	Total 2-Week Volume (100)
Mich General ..... A	4.00	17.9	1,731
Manville Cp ..... N	5.50	- 6.4	7,830
Certain-teed ..... N	23.00	- 4.7	1,469
Potlatch Cp ..... N	35.00	- 4.4	1,237
Boise Cascade ..... N	41.63	- 3.8	6,826

National Home Center News®

HOME CENTER INDUSTRY MARKET SUMMARY

Company and Market	Stock Market: 2-Weeks Ended 10-18-85 $	Price: 2-Weeks Change Amt. $	Price: 2-Weeks Change Pct. %	Price: 2-Week Range High $	Price: 2-Week Range Low $	Price: 52-Week Range High $	Price: 52-Week Range Low $	Volume: 2-Weeks Shares Traded Total (100)	Volume: 2-Weeks Shares Traded % Out %	Volume: 12-Week Avg. Vol. As % Out %	Volume: Trend Change %	Financial Update: P/E Ratio -	Indicated Divd. Rate Amt. $	Indicated Divd. Rate Yld. %
Retailers														
Boise Cascade ..... N	41.63	- 1.63	- 3.8	43.50	41.13	51.00	37.00	6,826	2.51	1.30	93.1	22.7	1.90	4.6
Color Tile ..... M	19.00	.75	4.1	19.63	18.00	20.00	15.25	4,297	4.63	2.00	131.5	13.1	.00	.0
Edison Bros ..... N	31.75	- .25	- .8	32.13	31.38	38.25	31.00	224	.22	.51	- 56.9	12.9	1.60	5.0
Erb Lumber ..... M	25.50	1.50	6.3	25.50	24.00	26.50	18.00	39	.44	.18	144.4	5.7	.00	.0
Evans Prod ..... N	1.75	.00	.0	1.75	1.63	6.00	1.50	524	.38	.20	90.0	NE	.00a	.0
Forest City Ent ..... A	23.63	.88	3.8	23.75	23.00	24.88	19.38	47	.12	.13	- 7.7	28.5	.15	.6
Grace W R ..... N	38.25	- .63	- 1.6	39.50	37.38	45.00	37.38	9,648	1.99	.77	158.4	12.0	2.80	7.3
Hechinger A ..... M	17.75	1.25	7.6	18.25	16.00	23.19	15.00	1,379	1.58	1.60	- 1.3	NA	.16	.9
Hechinger B ..... M	18.00	1.25	7.5	18.00	16.00	24.19	14.81	1,389	1.03	.46	123.9	18.9	.08	.4
Hines Ed Lumber ..... O	42.00	.00	.0	42.75	42.00	43.75	36.50	642	3.65	.41	790.2	22.1	1.00	2.4
Homecrafters Whse ..... M	3.63	.13	3.6	3.88	3.25	10.00	2.63	1,108	3.92	2.05	91.2	NE	.00	.0
Home Depot ..... N	11.13	- .38	- 3.3	11.75	11.00	20.38	10.50	4,776	1.91	2.25	- 15.1	24.7	.00	.0
INTERCO Inc ..... N	63.75	- .25	- .4	66.00	62.75	73.63	56.75	6,616	4.68	3.83	22.2	16.0	3.08	4.8
K mart Cp ..... N	33.38	1.63	5.1	33.63	31.13	41.50	30.63	24,531	1.96	1.36	44.1	10.1	1.40	4.2
Lowe's Cos ..... N	22.25	1.00	4.7	22.88	20.75	31.13	20.75	5,947	1.64	.84	95.2	13.2	.36	1.6
Mich General ..... A	4.00	- .88	- 17.9	5.00	3.63	8.13	3.63	1,731	1.53	1.10	39.1	NE	.00	.0
Natl Lumber ..... M	5.50	.25	4.8	5.75	5.25	7.50	4.50	101	.18	.79	- 77.2	23.9	.00	.0
Pay N Pak ..... N	12.00	- .25	- 2.0	12.50	11.88	16.13	11.50	1,182	1.18	1.22	- 3.3	13.3	.64	5.3
Payless Cash ..... N	14.75	.75	5.4	15.00	13.75	23.38	13.75	9,565	2.61	1.35	93.3	13.5	.16	1.1
Scotty's Inc ..... N	12.63	- .13	- 1.0	13.00	12.38	16.38	12.38	1,018	.71	.43	65.1	10.3	.52	4.1
Sears, Roebuck ..... N	33.63	1.13	3.5	34.13	31.75	39.13	30.00	44,116	1.22	.59	106.8	9.0	1.76	5.2
Std Brd Pnt ..... N	19.88	.88	4.6	20.25	18.75	23.88	18.00	1,708	1.53	1.35	13.3	11.1	.56	2.8
Supermkts Gen ..... N	43.13	2.13	5.2	44.50	40.63	48.38	29.13	4,193	2.35	.89	164.0	12.3	.48	1.1
Wolohan Lumber ..... M	6.00	.00	.0	6.25	5.88	7.25	4.50	396	.68	.50	36.0	11.8	.16	2.7
Wholesalers														
Lewis Palmer ..... M	6.75	- .13	- 1.8	7.00	6.63	9.38	6.38	413	1.06	.59	79.7	56.3	.27b	4.0
Manufacturers														
Allegheny Int ..... N	25.25	1.38	5.8	28.75	23.75	28.75	20.25	16,625	15.46	2.02	665.3	NE	1.40	5.5
Am Standard ..... N	30.25	- .25	- .8	31.00	29.63	35.38	26.75	4,888	1.25	.99	26.3	10.1	1.60	5.3
Armstrng Wrld ..... N	35.13	- .13	- .4	35.75	33.75	39.75	28.75	6,293	2.63	1.08	143.5	9.2	1.30	3.7
Black & Decker ..... N	19.25	1.25	6.9	19.88	18.00	26.88	17.25	18,770	3.73	1.46	155.5	16.0	.64	3.3
Certain-teed ..... N	23.00	- 1.13	- 4.7	24.75	22.38	28.50	18.25	1,469	.77	.38	102.6	10.8	.70	3.0
Champ Intl ..... N	21.13	.00	.0	22.13	20.50	26.75	19.00	17,698	1.91	1.00	91.0	NE	.52	2.5
Clopay Corp ..... A	14.75	.25	1.7	15.00	14.25	22.19	11.25	67	.44	.64	- 31.3	13.3	.16	1.1
DeSoto Inc ..... N	32.25	.00	.0	32.75	31.88	37.88	31.25	836	1.75	.35	400.0	10.5	1.40	4.3
Emhart Corp ..... N	26.75	- 1.00	- 3.6	28.50	26.50	33.13	26.25	2,052	.74	.53	39.6	9.0	1.40b	5.2
Georgia-Pacifc ..... N	21.50	.13	.6	21.63	20.63	27.38	20.50	23,564	2.29	.87	163.2	20.7	.80	3.7
Insilco Corp ..... N	17.13	- .13	- .7	18.00	16.75	20.72	16.75	1,926	.98	.76	28.9	10.7	1.00b	5.8
La Pacific ..... N	19.38	.75	4.0	19.63	18.00	24.75	17.63	2,878	.81	.69	17.4	18.8	.80b	4.1
MacMiln Bldel ..... N	13.25	.38	2.9	13.25	12.75	21.81	12.75	171	.06	.08	- 25.0	24.5	.00a	.0
Manville Cp ..... N	5.50	- .38	- 6.4	6.50	5.38	8.63	5.13	7,830	3.26	2.65	23.0	2.4	.00	.0
Masco Corp ..... N	33.25	1.25	3.9	33.25	31.00	36.00	25.75	4,136	.71	.70	1.4	23.8	.64	1.9
Mor-Flo Inds ..... M	17.25	- .13	- .7	17.63	17.00	20.25	15.25	343	1.35	.71	90.1	6.5	.01	.1
Natl Gypsum ..... N	34.75	2.50	7.8	34.88	31.13	34.88	22.69	6,129	2.63	1.08	143.5	7.1	1.52	4.4
Newell Co ..... N	18.75	1.50	8.7	18.75	17.13	19.00	13.25	1,162	1.35	.40	237.5	11.0	.50	2.7
Owens Corning ..... N	34.13	1.38	4.2	34.38	32.75	37.00	30.50	2,488	.84	.82	2.4	8.4	1.40	4.1
Ply-Gem ..... A	16.13	.25	1.6	16.13	15.50	16.50	12.50	249	.68	.56	21.4	15.4	.16	1.0
Pope & Talbot ..... N	17.75	.00	.0	18.00	17.50	21.50	15.25	414	.69	.24	187.5	NE	.80	4.5
Potlatch Cp ..... N	35.00	- 1.63	- 4.4	36.88	34.13	38.13	28.38	1,237	.80	.50	60.0	14.0	1.56	4.5
Sherwin-Wms ..... N	36.88	1.88	5.4	37.25	34.38	40.00	25.50	2,956	1.30	.68	91.2	12.3	.92	2.5
SW Forest Ind ..... N	12.25	.38	3.2	12.75	11.38	17.75	11.13	3,296	3.55	1.52	133.6	NE	.00	.0
Stanley Works ..... N	29.13	.63	2.2	29.38	28.25	31.38	23.88	2,410	.87	.45	93.3	10.9	1.04	3.6
Thos Inds ..... N	18.25	1.00	5.8	18.50	17.25	19.38	15.13	369	.43	.32	34.4	10.1	.68b	3.7
Triangle Pac ..... N	32.75	.25	.8	33.50	32.13	34.13	23.00	944	2.27	.71	219.7	9.7	1.00	3.1
USG Corp ..... N	39.00	1.13	3.0	39.63	37.00	44.50	26.38	4,404	1.33	.75	77.3	6.7	1.68	4.3
Walter, Jim ..... N	34.88	1.63	4.9	35.13	32.63	39.25	28.38	6,341	3.02	1.40	115.7	7.1	1.40	4.0
Waxman Ind ..... M	11.25	.38	3.4	11.50	10.88	16.88	5.91	442	1.42	1.11	27.9	12.6	.08	.7
Weyerhaeuser ..... N	26.63	- .50	- 1.8	27.13	26.00	34.00	26.00	11,415	.88	.53	66.0	22.0	1.30	4.9

Company and Market	Financial Update: Latest Report New Report	Period	Date Ended	Latest Quarter: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %	Year-to-Date: Revenue Amt. $Mil	Revenue Chg. %	Net Income Amt. $Mil	Net Income Chg. %	E.P.S. Amt. $	E.P.S. Chg. %
Retailers															
Boise Cascade ..... N	NEW	9 mos.	09-85	934.2	- 3.0	20.3	- 37.9	.65	- 42.5	2844.5	- 2.2	85.3	- 9.4	2.84	- 12.3
Color Tile ..... M	.....	fiscal	06-85	97.8	35.5	4.0	8.1	.44	10.0	347.2	22.8	13.3	- 4.3	1.45	1.4
Edison Bros ..... N	.....	6 mos.	06-85	85.6	- 57.6	3.8	- 32.1	.38	- 29.6	362.5	- 28.5	7.7	- 50.6	.76	- 49.0
Erb Lumber ..... M	.....	6 mos.	06-85	53.8	26.6	2.4	84.6	2.60	84.4	80.9	17.2	2.0	122.2	2.20	122.2
Evans Prod ..... N	.....	6 mos.	06-85	315.3	- 18.0	(24.1)	NE	(1.82)	NE	544.6	- 14.8	(63.8)	NE	(4.77)	NE
Forest City Ent ..... A	.....	6 mos.	07-85	53.5	- 28.6	3.4	36.0	.43	34.4	127.2	1.4	3.6	414.3	.45	309.1
Grace W R ..... N	NEW	9 mos.	09-85	1758.1	6.0	25.3	- 23.6	.41	- 39.7	5246.9	7.1	102.2	- 25.1	1.96	- 30.0
Hechinger A ..... M	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B ..... M	.....	6 mos.	07-85	129.3	13.0	7.2	7.5	.30	3.4	243.9	20.6	11.0	8.9	.47	6.8
Hines Ed Lumber ..... O	.....	6 mos.	06-85	79.8	3.1	1.7	112.5	1.01	124.4	129.4	2.0	.9	800.0	.53	783.3
Homecrafters Whse ..... M	.....	6 mos.	07-85	51.8	19.4	(1.8)	- 100.0	(.64)	- 100.0	97.6	22.2	(3.3)	- 100.0	(1.18)	- 100.0
Home Depot ..... N	.....	6 mos.	07-85	174.3	46.5	2.5	- 34.2	.10	- 33.3	319.3	48.6	4.4	- 38.9	.18	- 37.9
INTERCO Inc ..... N	NEW	6 mos.	08-85	644.0	- 8.1	23.2	- 4.9	1.47	- .7	1233.0	- 8.4	34.4	- 21.6	2.18	- 17.7
K mart Cp ..... N	.....	6 mos.	07-85	5460.5	8.1	74.8	- 48.2	.58	- 47.7	10444.6	13.2	133.3	- 34.1	1.04	- 33.3
Lowe's Cos ..... N	.....	6 mos.	07-85	595.6	22.8	20.9	1.5	.58	1.8	1047.9	21.1	32.8	- 1.5	.91	- 1.1
Mich General ..... A	.....	6 mos.	06-85	119.0	- 2.9	(12.7)	- 100.0	(1.13)	- 100.0	207.1	- 6.0	(15.3)	- 100.0	(1.36)	- 100.0
Natl Lumber ..... M	.....	6 mos.	06-85	36.5	9.9	.5	25.0	.09	28.6	67.9	10.0	.7	.0	.12	- 7.7
Pay N Pak ..... N	NEW	6 mos.	08-85	90.5	3.1	3.0	- 21.1	.30	- 21.1	173.1	6.7	5.1	- 17.7	.51	- 17.7
Payless Cash ..... N	NEW	9 mos.	08-85	379.4	13.4	12.4	- 3.9	.36	- 10.0	1010.0	19.7	27.0	- 2.5	.80	- 7.0
Scotty's Inc ..... N	NEW	3 mos.	09-85	110.3	8.5	2.8	- 17.6	.20	- 23.1	110.3	8.5	2.8	- 17.6	.20	- 23.1
Sears, Roebuck ..... N	.....	6 mos.	06-85	9697.1	1.3	265.5	- 25.4	.72	- 27.3	18600.0	3.2	488.8	- 14.2	1.32	- 17.0
Std Brd Pnt ..... N	.....	6 mos.	07-85	95.5	12.5	5.4	- 15.6	.48	- 15.8	176.4	8.4	10.2	- 7.3	.91	- 8.1
Supermkts Gen ..... N	.....	6 mos.	07-85	1287.3	32.1	6.1	- 61.1	1.01	14.8	2502.7	34.5	17.9	- 10.1	1.67	49.1
Wolohan Lumber ..... M	.....	6 mos.	06-85	43.4	10.7	1.3	30.0	.24	41.2	66.5	8.3	1.0	42.9	.18	50.0
Wholesalers															
Lewis Palmer ..... M	.....	6 mos.	07-85	37.5	- 6.9	.2	- 60.0	.06	- 57.1	70.5	1.6	.2	- 75.0	.06	- 75.0
Manufacturers															
Allegheny Int ..... N	.....	6 mos.	06-85	500.5	- 3.8	10.0	- 40.5	.23	- 54.0	1007.7	- 1.0	15.1	- 32.3	(.12)	- 100.0
Am Standard ..... N	.....	6 mos.	06-85	878.3	- 1.6	37.3	6.3	.95	4.4	1667.3	9.4	57.6	4.7	1.47	- 4.5
Armstrng Wrld ..... N	.....	6 mos.	06-85	429.9	5.3	32.3	19.2	1.34	20.7	806.5	1.9	50.2	- .8	2.09	2.0
Black & Decker ..... N	.....	9 mos.	06-85	371.9	- .3	(7.1)	- 100.0	(.14)	- 100.0	1278.0	21.7	36.7	- 48.2	.72	- 51.0
Certain-teed ..... N	.....	6 mos.	06-85	291.0	- 6.2	16.5	- 2.4	.84	- 1.2	543.9	- 7.6	24.7	- 5.0	1.25	- 3.8
Champ Intl ..... N	.....	6 mos.	06-85	1598.9	38.8	43.3	8.0	.42	- 36.4	3244.7	41.1	87.1	25.9	.85	- 24.1
Clopay Corp ..... A	.....	6 mos.	06-85	36.0	6.5	.0	- 100.0	.04	- 89.2	65.2	6.0	(.5)	- 100.0	(.32)	- 100.0
DeSoto Inc ..... N	NEW	9 mos.	09-85	109.2	- 4.5	4.1	- 31.7	.86	- 18.9	330.1	.3	11.3	- 29.4	2.37	- 16.8
Emhart Corp ..... N	.....	6 mos.	06-85	449.5	- 3.3	25.3	14.0	.91	3.4	869.4	- 6.1	39.4	- 9.2	1.42	- 17.9
Georgia-Pacifc ..... N	.....	6 mos.	06-85	1794.0	7.4	67.0	- 20.2	.61	1.7	3374.0	6.8	116.0	- 14.1	1.04	7.2
Insilco Corp ..... N	NEW	9 mos.	09-85	209.1	1.0	5.9	- 35.2	.30	- 41.2	637.1	5.1	22.5	- 12.5	1.20	- 15.5
La Pacific ..... N	.....	6 mos.	06-85	345.0	6.3	5.0	- 33.3	.14	- 36.4	616.0	- 2.8	7.4	- 48.3	.21	- 48.8
MacMiln Bldel ..... N	.....	6 mos.	06-85	598.0	11.9	7.8	47.2	.05	NE	1136.6	20.1	10.4	NE	(.08)	NE
Manville Cp ..... N	.....	6 mos.	06-85	500.8	9.7	20.4	12.7	.59	20.4	934.0	7.8	32.6	5.8	.84	10.5
Masco Corp ..... N	.....	6 mos.	06-85	256.0	80.3	36.3	433.8	.63	- 33.7	485.0	71.9	71.8	443.9	1.24	- 32.6
Mor-Flo Inds ..... M	.....	6 mos.	06-85	53.6	3.7	1.7	.0	.69	1.5	106.0	5.4	3.4	6.3	1.34	3.9
Natl Gypsum ..... N	.....	6 mos.	06-85	443.6	- 1.3	35.5	21.2	1.52	20.6	809.4	- 3.6	61.5	15.0	2.63	14.8
Newell Co ..... N	.....	6 mos.	06-85	81.7	9.2	4.8	20.0	.53	15.2	161.2	6.8	8.0	15.9	.88	10.0
Owens Corning ..... N	NEW	9 mos.	09-85	870.5	8.0	38.9	11.8	1.31	11.0	2338.4	3.2	87.1	8.5	2.94	7.7
Ply-Gem ..... A	.....	6 mos.	06-85	42.8	- 1.6	.9	- 30.8	.22	- 38.9	83.5	1.0	2.0	- 16.7	.52	- 24.6
Pope & Talbot ..... N	.....	6 mos.	06-85	85.2	8.7	1.8	- 30.8	.30	- 31.8	168.3	6.1	4.0	- 14.9	.67	- 15.2
Potlatch Cp ..... N	.....	6 mos.	06-85	248.6	- 3.9	10.5	- 34.4	.61	- 33.7	483.3	- 5.0	22.0	- 22.8	1.28	- 19.0
Sherwin-Wms ..... N	.....	6 mos.	06-85	606.6	8.8	28.5	11.3	1.24	12.7	1098.7	7.6	34.2	11.8	1.49	12.9
SW Forest Ind ..... N	.....	6 mos.	06-85	178.8	- 14.7	(2.9)	- 100.0	(.47)	- 100.0	349.3	- 9.1	(4.5)	- 100.0	(.80)	- 100.0
Stanley Works ..... N	.....	6 mos.	06-85	311.9	6.7	19.2	6.1	.70	7.7	588.8	5.6	33.2	4.1	1.22	7.0
Thos Inds ..... N	.....	6 mos.	06-85	78.9	9.3	3.9	8.3	.47	9.3	152.8	13.1	7.1	- 7.8	.84	- 7.7
Triangle Pac ..... N	.....	6 mos.	06-85	67.1	- 9.7	4.3	10.3	1.04	7.2	129.2	- 5.0	6.9	7.8	1.66	5.7
USG Corp ..... N	.....	6 mos.	06-85	645.6	8.7	61.7	5.8	1.84	4.0	1233.9	14.9	104.2	6.5	3.12	5.4
Walter, Jim ..... N	.....	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Waxman Ind ..... M	.....	fiscal	06-85	21.3	80.5	.5	66.7	.23	76.9	82.7	98.3	2.2	120.0	.89	122.5
Weyerhaeuser ..... N	.....	6 mos.	06-85	1400.1	622.4	59.7	- 42.5	.41	- 43.8	2675.8	81.9	97.9	- 30.3	.65	- 32.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

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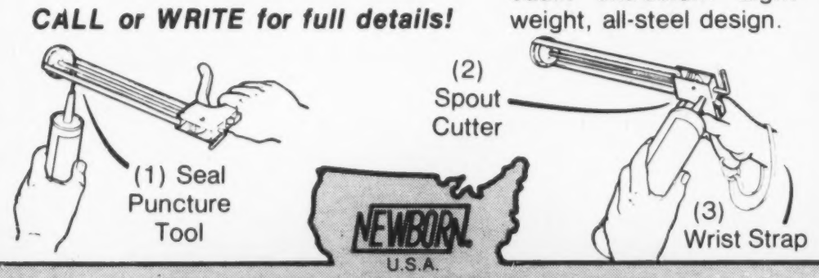

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Homecrafters to sell or close six warehouse units by end of 1985

(Continued from page 1)

The new moves brought into question the company's long term commitment to warehouse retailing. "The strategy has not yet been determined," said Scott Baily, an analyst who follows the company for Smith Barney, Harris Upham, a New York brokerage house, which makes a market in Homecrafters stock. "They've demonstrated that they can make money in the combination stores," he added, speaking of the traditional home center outlets that Homecrafters operates.

"The five remaining warehouse stores are either contributing profits toward corporate overhead or are near break even on a store operating basis," said Robert E. Stutz, coo, in a prepared statement. Homecrafters Warehouse officers did not return numerous telephone calls.

It seems clear, however, that Homecrafters will undergo a long breather before expanding its remaining five-store warehouse segment any further, especially since the company has also decided to sell its two sites in Salt Lake City, where it was planning on building two additional warehouse stores.

Bailey hailed the decision to sell stores as a positive step, in terms of the short term picture, which had deteriorated over the past year. "It's a way to cut the losses from these six stores that are losing money," he said.

The salability of the stores was brought into question by some analysts. Baily anticipated that some of the stores would sell at a slight premium, and some at a slight loss, to their values. "The objective is to break even on the sale of the six as a whole," he said. Baily added that he was forecasting Homecrafters would become a profitable company in 1986 if the company breaks even on the sales.

On the other hand, sales of the stores should reduce revenues for the chain. Each of the stores was grossing from $6 million to $8 million on an annualized basis.

Whether Homecrafters would be able to locate an early buyer for the store was a subject of speculation. An informal survey of major home center retailers in mid-October did not uncover significant interest. "We have zero interest in any of the Homecrafters stores," said Frank Denny, chairman of Builder's Square, San Antonio. "The locations are not choice." Other retailers pointed out what they considered unfavorable lease hold agreements held by the stores.

However, Bailey felt that Homecrafters would have little problem unloading three of the Denver stores and one of the Nashville stores.

"It's not unreasonable to think that in order to move those stores, they may have to go outside the industry, or take a loss," said Bo Cheadle, an analyst at Montgomery Securities, San Francisco.

"The question is, what people will be willing to pay for them," said Barbara Alexander, of Salomon Brothers, N.Y., adding that the locations should sell, given the fact that Woolco was able to sell all of its sites. But she added that Homecrafters' need for liquidity might put some downward pressure on the selling price.

The announcement from Homecrafters did not impact the stock price negatively, an indication, perhaps, that the price has either hit its bottom or that investors looked upon the news as a positive indication that the company was willing to take drastic means to achieve profitability.

Corrections

A key sentence was inadvertently removed from the story headlined, "Judge denies motions in Builders name suit," published in the *NHCN* Oct. 21, 1985, edition. The sentence made the subsequent paragraph, on page 90, unclear. The complete text follows:

Builders Square officials say that the term "Builders" is generic and is used by 48 California businesses.

Builders Emporium says it still has a right to protect its name because those retailers are for the most part independent, mom-and-pop businesses and there was no need in those cases for legal action since it was unlikely there would be any confusion.

In the Oct. 7 article on the San Bernardino/Riverside home improvement market, the dollar volume and national ranking of the area's hardware and building product store sales should have been identified as a projection for 1985.

Due to an editing error, the headline to the Home Depot story on the front page of the Sept. 9 issue wrongly stated that the chain had experienced earnings declines on a comp store basis. The headline should have stated that comp store sales had declined and chainwide earnings had declined.

Because of a typographical error in *NHCN*'s 1985 Top Brands Study in the Oct. 7 issue, the chart that ranked consumer brand awareness for water heaters omitted Rheem, which 6% of respondents mentioned in their unaided response as a brand that came to mind for water heaters. Rheem should have appeared third in the list of manufacturers mentioned.

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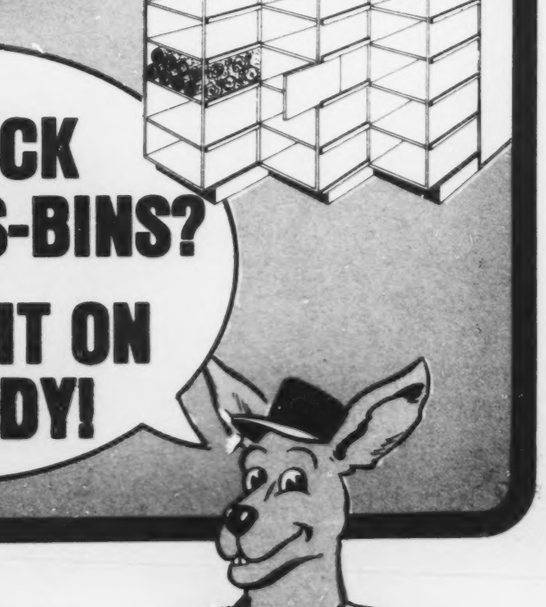

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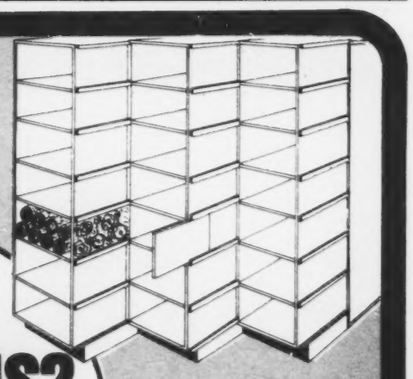

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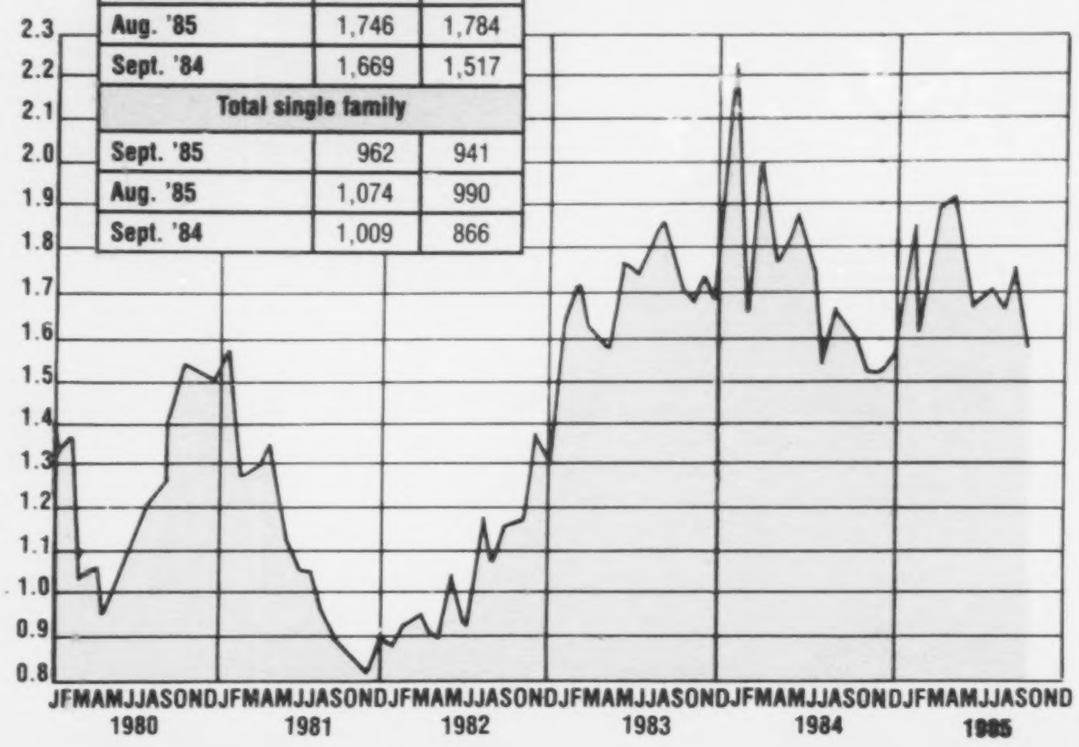
HOUSING WATCH

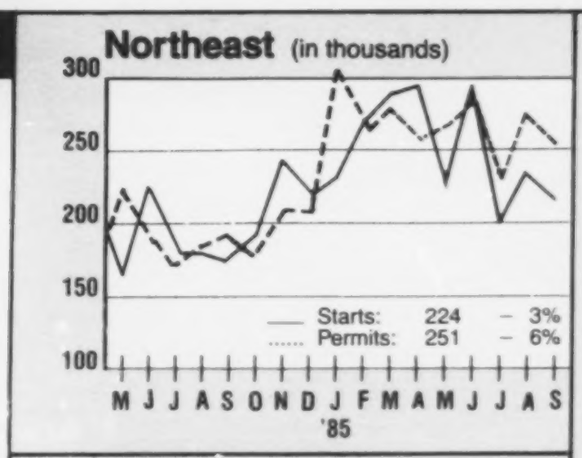
TOTAL (in thousands)	Starts	Permits
Sept. '85	1,583	1,796
Aug. '85	1,746	1,784
Sept. '84	1,669	1,517
Total single family		
Sept. '85	962	941
Aug. '85	1,074	990
Sept. '84	1,009	866

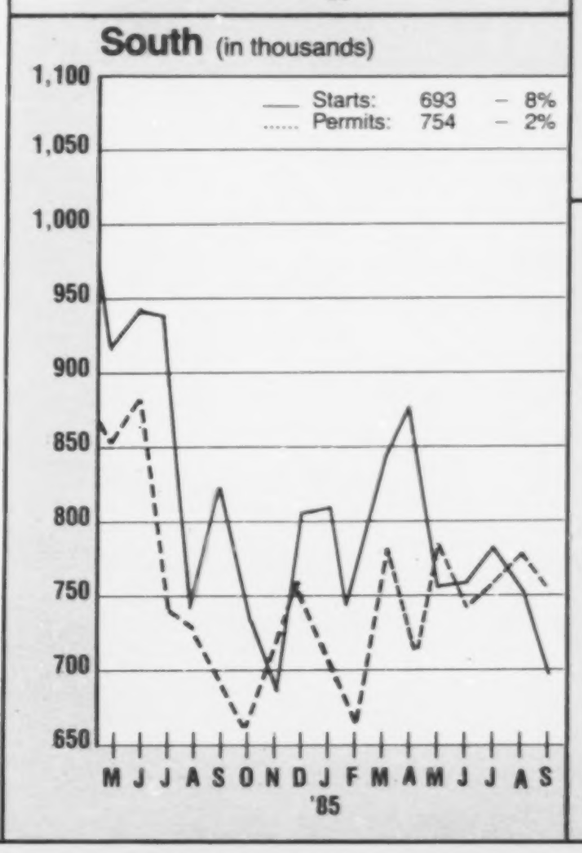
U.S. housing starts

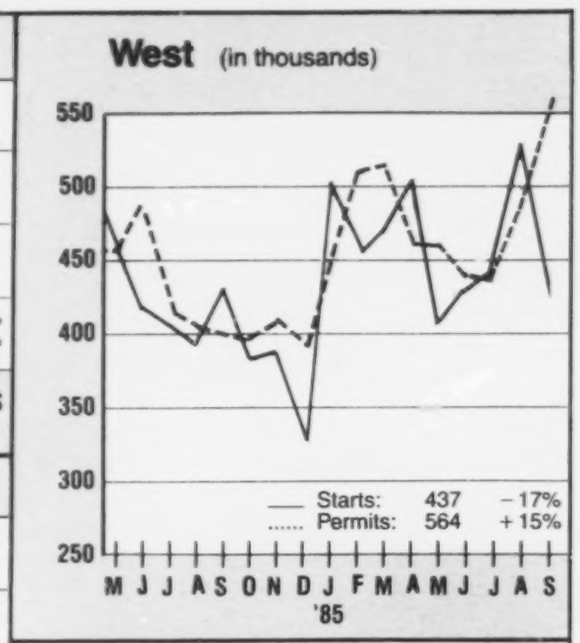
Seasonally adjusted annual rates

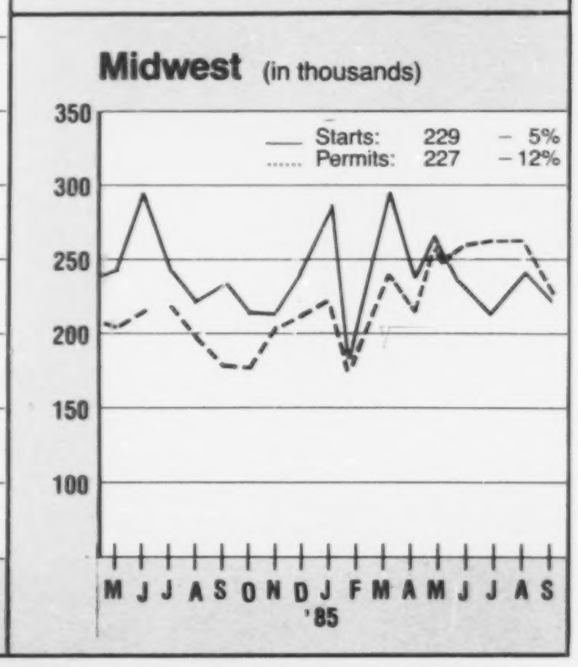


Despite the comment that "one month's statistics don't a year make" from the Mortgage Bankers Assn., economists there reported being "surprised" by September's housing starts and permits numbers. The month produced a 9% starts decline and a less than 1% increase in permit activity, a package the association reports it is studying. During September, 30-year fixed-rate mortgages averaged 12.18% compared to the 12.15% in August.









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Housing starts decline 9% in September

NATIONAL REPORT — Total housing starts for September declined 9% from August to a seasonally adjusted 1.58 million units, according to the U.S. Commerce Department. These figures were also 5% below those recorded in September 1984, prompting remarks of surprise and confusion from several economists including those at the Mortgage Bankers Assn., the organization said.

Housing permits rose modestly during this period, up 0.7% to nearly 1.8 million units. According to economists at the association, permits are a better indicator of housing activity. They are interpreting September's results as indicating a stable housing picture.

A spokesman said the association is still expecting housing starts to be about 1.75 million units this year.

September also posted declines in single-family housing starts, which fell 10% to a seasonally adjusted 962,000 units. Single-family permits also declined 5% in September to 941,000 units, seasonally adjusted.

Only one region, the West, recorded any increase at all in September. It posted a 15% increase in housing permits, to a seasonally adjusted 564,000 units.

Despite the August-to-September housing slump, September recorded a number of gains over the corresponding month in 1984. The month was 18% ahead of last year in total housing permits, to nearly 1.8 million units, and it was nearly 9% above the 866,000 single-family permits recorded last September.

In addition, all four regions recorded increases in permit activity this September as compared to September 1984.

Comparable housing starts in September, however, were a mixed bag. Both total and single-family starts were 5% below last September. But activity in the Northeast was up 16% and the West was up 1% for this year-to-year period compared to a 3% and 14% decline, respectively, recorded in the Midwest and South.

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LUMBER REPORT

Report gives ammunition to both sides in Canadian import dispute

NATIONAL REPORT — For a neutral report that drew no conclusions or recommendations, the new fact-finding examination of the U.S. lumber market by the U.S. International Trade Commission has given American and Canadian forest products producers a lot to argue about.

The 244 page document, which was completed the first week of October, has been handed to the U.S. Trade Representative's office for further examination in case the administration is drawn into the debate over whether trade restrictions should be imposed on Canadian lumber.

Tom Westcot, an I.T.C. analyst who worked on the report, said the document was designed as an impartial update of a three-year-old survey and drew no findings.

"It was basically an examination of the competitive situation in the U.S. market," Westcot said. "We were basically updating a report from 1982. Both sides of the issue are sure that there is something in there to sustain their side of the argument."

Westcot said the comprehensive study looked at such areas as production costs, delivery expenses, stumpage systems, pricing and market conditions.

Depending on who is doing the talking, the report either supports or weakens the main issue involving Canadian lumber, namely that Canadian lumber is subsidized and therefore has an unfair market advantage when imported into the U.S.

"The Americans say the report supports their arguments," said William Merkin, deputy assistant U.S. Trade Representative, "while the Canadians feel that they have been exonerated."

Bill Lang, a spokesman and economist for both the National Forest Products Association and the Coalition for Fair Canadian Imports, said his reading of the report strongly upholds arguments that American forest producers have been articulating a long time.

"From our perspective, the report was very favorable," Lang said. "The two critical issues have always been delivered wood costs and the exchange rate. Their delivered wood costs are much lower than the stumpage prices here."

But Mike Apsey, chief trade representative for the Canadian Forest Industries Council, a Washington-based lobby, argued that the neutral report supported the Canadian side as well.

In a press release, Apsey wrote that Canada was "gratified" that the ITC found no evidence of unfair trade practices by his country.

"This report should put to rest the myth that Canada enjoys any unfair advantage over American lumber because of the way Canada sets a value on its timber," Apsey said. "The report shows that much of the problem is due to problems within the U.S. industry."

Harry Horrocks, acting executive director of the National Lumber & Building Material Dealers Association and chairman of the Alliance for Affordable Housing and Lumber, said there was something in the report for everyone to arm themselves with. While Horrocks is a strong opponent of import duties, he thought the only worth of the report was to point out the differences between the two sides.

"This provides ammunition for people who are for and against the issue," Horrocks said. "It clearly demonstrates that there are many differences between U.S. and Canada on this issue.

"But import quotas or tariffs on lumber will escalate prices and American lumber would go up as well," Horrocks said. "I'm concerned because we as lumber dealers can always increase our prices, but what would that do to demand?"

Despite the various analyses different groups have toward the report, at least one organization is afraid that the Reagan administration will use the report to stymie the American lumber industry.

"The Reagan administration is looking for ways to get out of this issue," said Lang, the NFPA spokesman, "They've never supported us. What we have to do then is appeal to Congress and work with them to get the proper legislation passed."

In the meantime, the report will be used to formulate the administration's response if and when the White House becomes embroiled in the controversy.

"There's a lot of debate in Congress over this issue right now," said Merkin, the trade representative "and we feel before anybody can advance anything legislatively there needs to be some considered facts."

It was the new report's predecessor, the 1982 version, that compelled American foresters to file suit in the Department of Commerce alleging that Canada was competing unfairly.

A year later, the department ruled against the Americans and the case was dismissed.

FUTURES

Two weeks ended Oct. 10, 1985

LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.

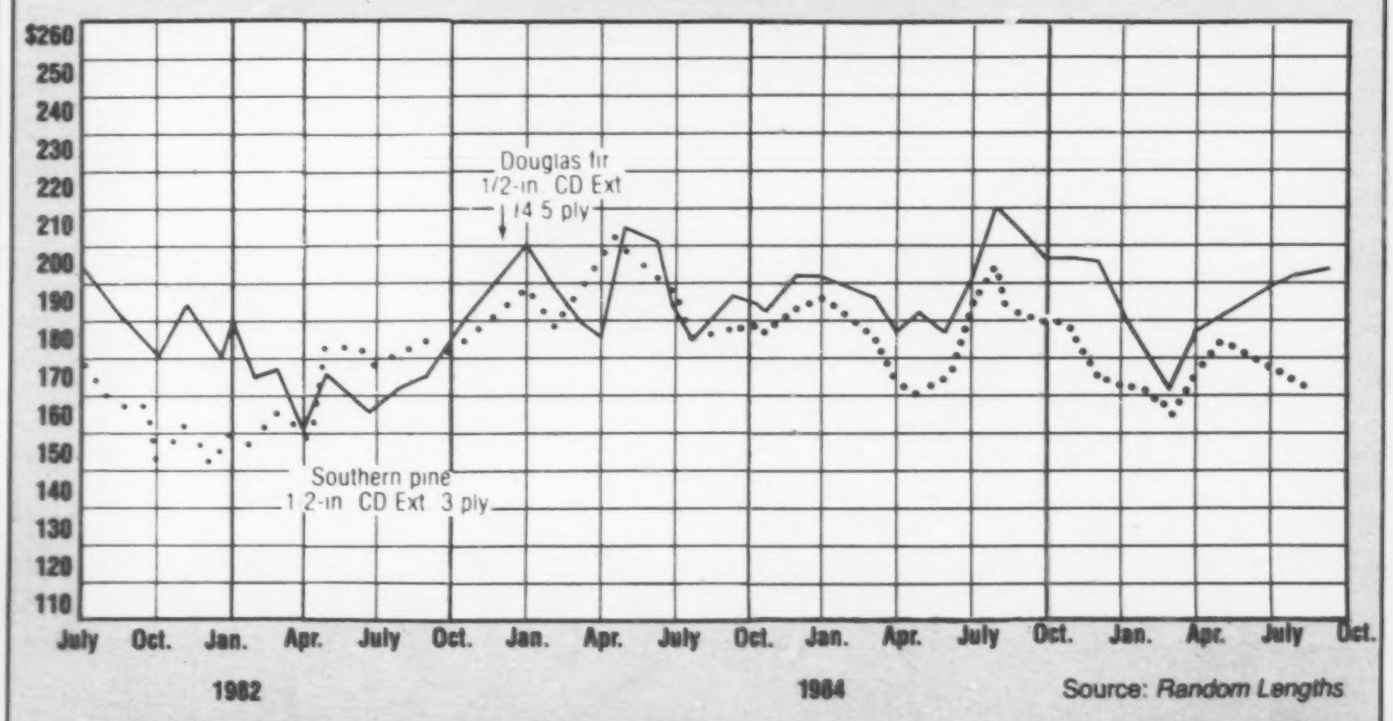
	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
Nov. '85	136.90	133.70	133.90	135.10	3,062	186.10	126.50
Jan. '86	141.80	137.80	138.00	140.30	2,305	187.30	133.60
March	147.50	144.10	144.30	146.10	1,070	195.00	139.70
May	152.00	149.00	149.20	150.90	535	176.40	145.20
July	155.20	153.60	154.00	154.80	106	183.40	149.50
Sept.	158.90	156.50	157.20	157.70	67	180.00	152.90
Nov.	159.90	157.10	158.00	158.00	17	160.00	153.00

Total Contract Vol. (Through 10/10): 9,420 — **Previous Two Weeks: 15,013**
Total Open Interest (As of 10/10): 7,162 — **Previous Week: 7,551**
Cash Price: $145.04 — **Previous Week: $149.94** — **Year Ago: $131.32**

CME—Chicago Mercantile Exchange
*Figures for Thursday, Oct. 10, 1985.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices



Source: *Random Lengths*

Paneling product prices have held relatively steady in the past two months, with slight price declines reflecting lowering demand. A thousand board feet of Douglas fir ½-in. CD Ext. 4-5 ply rose just $1 from $202 in August to $203. But a thousand board feet of southern pine ½-in. CD Ext. 3-ply dropped from $174 to $172.